CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

MANGEL STORES CORPORATION

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1937

AND

CONSOLIDATED STATEMENT OF INCOME AND PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1937

MRB
Corp. File

February 19, 1938.

To the Stockholders of
MANGEL STORES CORPORATION

The Profit and Loss account for the year ended December 31, 1937, and the consolidated balance sheet are presented herewith.

The latter half of 1937 was not favorable for the women's ready-to-wear business. Although improved merchandising methods produced a slightly better gross margin, higher payroll requirements and increased social security and other taxes counteracted them, and as a consequence, net profits were proportionally smaller.

Thirty stores were modernized, two stores closed and three new stores opened. The system had 110 stores in operation at the end of 1937. No further expansion is contemplated in 1938.

Our inventory is in very good condition, being approximately $200,000 less than last year. Your Company therefore feels, that, should business conditions in 1938 show improvement, satisfactory profits can be anticipated. Pending such improvement the Company plans to exercise meticulous supervision of operating expense and the greatest energy in the production of maximum volume.

Respectfully submitted,

SOL MANGEL,

President.

EXHIBIT A

MANGEL STORES CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1937

ASSETS

CURRENT ASSETS:			
Cash in banks and on hand			$ 522,006.68
Sundry accounts receivable (less reserve)			32,484.50
Merchandise inventory, certified by the management as to quantities, marketable condition, and as to valuation at the lower of cost or market			774,691.32
TOTAL CURRENT ASSETS			1,329,182.50
OTHER ASSETS:			
Loans to officers, employees and others (less reserve)		$ 5,156.74	
Cash balances, certificates of participation, etc.—suspended banks (less reserve)		1,041.79	
Sundry deposits		4,802.90	11,001.43
FIXED ASSETS:			
Real estate—at values as appraised for the management in June, 1932, with subsequent additions at cost, subject to mortgages shown contra	$185,370.00		
Less: Reserve for depreciation	14,363.55	171,006.45	
Furniture and fixtures, leasehold improvements, and truck—at values appraised by the management in June 1932, with subsequent additions at cost	828,044.06		
Less: Reserve for depreciation on additions subsequent to June 1932	143,222.52	684,821.54	855,827.99
DEFERRED CHARGES:			
Unexpired insurance, prepaid expenses, etc.		43,788.74	
Stationery and supplies		6,500.00	50,288.74
GOODWILL			1.00
			$2,246,301.66

LIABILITIES

CURRENT LIABILITIES:			
Accounts payable—merchandise, less discounts			$ 425,227.88
Accounts payable, expenses, etc.			160,049.04
Customers' credits			25,223.30
Mortgage installments payable within one year			3,519.20
Reserve for Federal income taxes			14,300.00
TOTAL CURRENT LIABILITIES			628,319.42
MORTGAGES PAYABLE IN INSTALLMENTS, LESS CURRENT INSTALLMENTS SHOWN ABOVE:			
Mortgage payable through October 8, 1945		$ 34,000.00	
Mortgage payable through October 28, 1957		42,947.10	76,947.10
CAPITAL STOCK AND SURPLUS:			
Convertible Preferred Stock—$5.00 Cumulative, No Par Value—stated value $25.00 per share, callable at $100.00 per share: **Authorized, issued and outstanding—17,500 shares		437,500.00	
Common Stock—Par Value $1.00 per share: *Authorized—300,000 shares **Issued and outstanding 177,500 shares		177,500.00	
Surplus—Exhibit B			
Capital surplus	$ 718,953.00		
Earned surplus since January 1, 1936	207,082.14	926,035.14	1,541,035.14
			$ 2,246,301.66

*105,000 shares of Common Stock, par value $1.00 share, are reserved in connection with the conversion privilege granted to holders of the Convertible Preferred Stock.

**The outstanding capital stock as stated above is after giving effect to the shares to be issued for 260 shares of the previously outstanding 6½% Preferred Stock which had not been surrendered for cancellation and exchange for new stock as at December 31, 1937.

The above statement, and the accompanying statements, are subject to the final determination of liability for Federal income taxes.

EXHIBIT B

MANGEL STORES CORPORATION
AND SUBSIDIARIES
CONSOLIDATED SURPLUS—YEAR ENDED DECEMBER 31, 1937

CAPITAL SURPLUS:		
Balance at January 1, 1937		$ 96,422.90
Transfers from Earned Surplus:		
Aggregate net earned surplus balances of subsidiary corporations as at January 1, 1936	$ 573,799.62	
Adjustment of reserves for Federal income taxes and contingencies provided prior to January 1, 1936 credited to earned surplus in 1936	48,607.55	622,407.17
Refund received—Federal income tax for the year 1935		122.93
Capital surplus at December 31, 1937		$ 718,953.00
Earned Surplus (Including earnings of parent company since January 1, 1936):		
Balance at January 1, 1937	$ 769,030.93	
Less: Transfers to capital surplus representing net earned surplus balances of subsidiary corporations as at January 1, 1936 and adjustment of reserves for Federal income taxes and contingencies provided prior to January 1, 1936	622,407.17	
Earned Surplus (since January 1, 1936)	$ 146,623.76	
Consolidated net income for the year ended December 31, 1937—Exhibit C	146,923.61	
Adjustment of reserves for Federal income taxes provided for the year 1936	1,034.77	
	$ 294,582.14	
Less: Dividends paid on preferred stock at the rate of $5.00 per share	87,500.00	
Earned surplus (since January 1, 1936) at December 31, 1937		207,082.14
		$ 926,035.14

CONSOLIDATED STATEMENT OF INCOME AND PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1937

EXHIBIT C

Net sales	$ 8,985,491.85
Cost of goods sold, general, administrative and selling expenses	8,750,586.41
Net operating profit before provision for depreciation	234,905.44
Provision for depreciation	75,001.15
Net profit before other income and other charges	159,904.29
Other income	7,762.96
	167,667.25
Other charges	6,443.64
Consolidated net profit before provision for Federal income taxes	161,223.61
Provision for Federal excess profits and normal income taxes	12,500.00
Consolidated net profit before provision for Federal income taxes on undistributed income	148,723.61
Provision for Federal income taxes on undistributed income	1,800.00
Consolidated net profit transferred to surplus—Exhibit B	$ 146,923.61

TO THE BOARD OF DIRECTORS,
MANGEL STORES CORPORATION,
NEW YORK, N. Y.

We have made an examination of the consolidated balance sheet of the Mangel Stores Corporation and its subsidiaries as at December 31, 1937, and of the consolidated statements of surplus, and income and profit and loss for the year ended December 31, 1937. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying balance sheet and related statements of surplus, and income and profit and loss, together with the comments thereon, fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, their consolidated financial position as at December 31, 1937, and the consolidated results of their operations for the year then ended.

New York, N. Y.
February 17, 1938.

S. D. LEIDESDORF & CO.